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FILE ONLY

SENATE PANEL EXPANDS PROBE; NO. 2 CIA OFFICIAL APPEARS  
WASHINGTON  
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Senate investigators quizzed the CIA's No. 2 man for four hours and subpoenaed documents around the country Thursday in an expanding probe into the secret sale of arms to Iran and transfer of profits to Nicaraguan rebels. President Reagan said Cabinet officers are free to decide whether to invoke the Fifth Amendment when their turn comes to testify.

A long-distance disagreement surfaced within the administration over the roots of the president's controversial Iranian arms policy. White House spokesman Larry Speakes said "we don't agree with" Defense Secretary Caspar Weinberger's contention that Reagan acted on bad advice when he decided there were responsible officials to deal with in Iran other than the "lunatics" who run the country.

Both houses of Congress moved to establish special committees to conduct their own probes when lawmakers return to session in January.

Reagan, embroiled in the most serious crisis of his presidency, has defended his decision to sell arms to Iran as part of a secret diplomatic initiative to re-establish ties with the strategically-placed Persian Gulf nation. But he says he was unaware that money in connection with the sales was being funneled through a Swiss bank account to Contra rebels battling the Nicaraguan government.

The money was made available at a time when direct and indirect government military assistance to the Contras was prohibited by law. There was evidence that the Justice Department was looking into the operations of a privately financed support program for Contra rebels in Nicaragua.

The president announced Tuesday that his administration would seek appointment of an independent counsel to probe the issue, although the White House disclosed that Attorney General Edwin Meese III is still at work on the formal application.

In Congress, House Democratic Leader Jim Wright of Texas and GOP Leader Bob Michel of Illinois announced they would oversee creation of a special, 15-member "blue ribbon panel" to coordinate the investigation. Wright said that would avoid a "circus-like" atmosphere that might arise from multiple probes.

Senate leaders agreed on a "supercommittee" of their own to include 13 members, although a spokesman for GOP Leader Bob Dole said his boss and Democratic Leader Robert Byrd of West Virginia had not yet concluded arrangements. Dole issued a statement saying the president will decide on Friday whether to call for a special session of Congress to expedite creation of the committee.

In the meantime, the Senate Intelligence Committee held the investigative spotlight.

With extraordinary security provisions in effect, the panel heard first from unnamed U.S. officials involved in covert operations, then questioned CIA Deputy Director Robert Gates for more than four hours.

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Sen. David Durenberger, R-Minn., chairman of the committee, said the witnesses were providing a "very candid response to the questions and a lot of helpful information." The information, he said, is "opening more doors that we have to send a subpoena through in order to (compile) accurate information." "We have people flying around the country this morning serving subpoenas for documents. So the document search has become also a very, very important part of this," he said.

The Minnesota Republican did not say what documents the committee was seeking. But in Moultrie, Ga., Maule Aircraft Corp. said it had received subpoenas for records on four aircraft from the U.S. attorney's office in Macon as well from the Senate committee. The four airplanes include one reportedly sold to rebels in Nicaragua by a firm headed by retired Air Force Maj. Gen. Richard V. Secord.

Secord has been identified by administration officials as an assistant to fired National Security Council aide Oliver North in arranging the Iranian arms sales and creation of a privately funded air force to deliver weapons to the Contra forces.

Billy Fallin, an attorney for the firm, said the subpoenaed payment instructions and records of telephone calls between Maule and the buyers have been turned over to authorities as requested. "I'm not concerned about any wrongdoing on our part," he added.

Durenberger said the committee will extend its hearing schedule beyond next week, and will soon decide which Cabinet officials to call to testify. He said those under consideration include the members of the National Security Council CIA Director William Casey, Secretary of State George P. Shultz and Weinberger but not the president or Vice President George Bush.

A single television camera shared by all networks was permitted outside the committee's room, and by agreement with Senate officials, it was turned off when the unidentified officials involved in clandestine operations entered the room. Photographers similarly agreed not to take pictures.

A television recording and photographs were permitted when Gates arrived to meet the panel.

At the White House, Frank Carlucci, the president's newly appointed national security adviser, said he will have direct access to the Oval Office and has free reign to shake up the staff and operation of the White House National Security Council.

He said he has put a 10-member team to work sizing up the NSC to determine "what kind of changes may be appropriate" in the wake of the Iranian-Contra operation that was coordinated by an NSC aide.

The twin disclosures of the secret sale and diversion of funds have sparked the most serious crisis of Reagan's six-year presidency, and a visiting British politician cautioned the administration against allowing its arms control effort to become paralyzed by the furor. "This current debacle must not be allowed to have an influence, though I don't know how we can avoid it," said Neil Kinnock, leader of the opposition Labor Party.

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presidential aspirant Gary Hart cautioning fellow party members against seeking partisan gain. "If people in my party attack the president for partisan advantage I say shame on us," Hart said in Des Moines, Iowa. "It's bad politics and it's bad policy. I think we ought to play it straight down the middle." Retiring House Speaker Thomas P. O'Neill Jr., D-Mass., predicted that "everybody will be smoked out" in the investigations that will come, even if they use the Fifth Amendment to avoid answering questions. But O'Neill, who has been a point-man for Democratic opposition to Reagan for the past six years, added that the issue does not appear to be a Watergate-type scandal that will force the president to resign.

The discussion of the Fifth Amendment arose because two since-departed administration officials - National Security Adviser John Poindexter and his aide, Lt. Col. Oliver North - cited their rights against self-incrimination in refusing to answer questions earlier this week.

The committee is expected to call Cabinet officers to testify next week, and Reagan said he will allow them to decide for themselves whether to invoke the Fifth Amendment in their own appearances.

Speaking to reporters during a photo session with Costa Rican President Oscar Arias, Reagan said he has not "given any thought" to claiming executive privilege to prevent Cabinet secretaries from testifying.

Reagan defended the action taken by Poindexter and North in exercising their constitutional rights, saying, "It is not new or unusual - it's happened many times before - that when there is going to be an independent counsel starting an investigation, that individuals that have no access to files or papers or time for preparation for questions, have done just exactly the same thing, so that they then can be witnesses for the investigation." Reagan himself was not asked about Weinberger's comments, but chief administration spokesman Larry Speakes who announced his resignation in a development unrelated to the Iranian controversy took issue with the defense secretary.

"Obviously the president is on the record and so are the rest of us that there were moderate factions in Iran that we were dealing with," Speakes told reporters who questioned him. "So we are a little bit at odds with the secretary on that one." "The secretary said the president got bad advice," the spokesman added. "Well, the president made the decision, the president has taken responsibility for the decision he made, and it's his, advice or no advice, good advice, bad advice or mediocre advice." Earlier, Speakes said he had not read Weinberger's remarks, and added, "I'd like to see his full text before I cut him off at the knees." In comments Wednesday in Paris to French reporters, the defense secretary said the president's advisers were wrong in telling him that there were moderate elements in Iran with whom Washington could negotiate. Weinberger said it appeared that there is no one to talk with in Tehran except "fanatical lunatics." Weinberger said on Thursday he believes the advice originated with former National Security Adviser Robert McFarlane.

Appearing on both ABC and NBC morning television programs, he said he was "horrified" to learn that funds from the Iranian operation went to the Contras. But he said he did not think the president's competence was at issue in the controversy.

In another development on Capitol Hill, the eight Democrats on the Senate Judiciary Committee wrote Attorney General Edwin Meese III, asking for public disclosure of his application for an independent counsel to determine if any laws have been broken.

Meese is prohibited by law from disclosing the application, but Sen. Joseph Biden, D-Del., the incoming chairman of the committee, said he believed a request from Meese would be granted by the court that will receive his application.